30 December 2010: Urban and intercity passenger transport

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Subject to commitments, the Autorité de la concurrence clears the merger between Veolia Transport and Transdev, respective subsidiaries of Veolia Environnement and of the Caisse des Dépôts et Consignations

> Version française

On 12 August 2010, the European Commission referred to the Autorité de la concurrence for an examination, for France, of the project to create a joint venture between Veolia Environnement and the Caisse des Dépôts et Consignations ("CDC"), that would group their respective transport subsidiaries, Veolia Transport and Transdev.

After an initial investigation phase, the *Autorité de la concurrence* decided to launch an in-depth examination on 13 September 2010. This examination notably involved a consultation with the main actors in the markets for the road transport services for travellers.

*The **Autorité** considers that the proposed merger raises competition concerns on the urban and intercity public transport markets outside of the Ile-de-France*.

- **On the national urban public transport market (outside of the Ile-de-France),** that operates via calls for tenders, the Autorité considered that by decreasing the number of candidates during future consultations, the operation could serve to deteriorate the level of the tenders submitted to

the transport organising authorities (local and regional administrations) in 20 to 25% of cases. The Autorité also found that this **reduced competitive emulation** would serve to reduce the quality and diversity of the tenders during future competitive procedures. **These effects will be particularly felt in the Provence-Alpes-Côte d'Azur (PACA)** region, in which the operation strengthens the new structure's position.

- **In the intercity transport markets within the *départements***, the *Autorité* has found that the operation would strengthen the new entity's position in **five *départements* (Var, Vaucluse, Eure-et-Loir, Loir-et-Cher and Haute-Savoie).** Based on the competitive context in these départements, the Autorité felt that the new entity Veolia Transdev would then become inescapable in these markets.

In order to remedy the identified adverse effects on competition, Veolia Environnement and the Caisse des dépôts et des consignations have, before the* Autorité de la concurrence*, assumed several innovative and substantial commitments.

Regarding the market for the urban public transport of travellers (outside of the Ile-de-France):

- The parties have proposed to finance **the creation of a competition stimulation fund** in the amount of 6.54 million euros. This fund will allow the transport organising authorities throughout France to finance two types of measures:

- compensating all or part of the response expenses for candidates not selected during calls for tenders, thereby encouraging more competitors to take part in them;
- the recourse by local and regional administrations, notably small ones, to project management assistance services in order to help them to improve their knowledge of the networks and therefore the efficiency of the competitive procedures that they organise.

The financing of these competition stimulation actions will be reserved for the transport networks in which Veolia Transport and Transdev are the outgoing

operators and that will be subject to open competition within five years of the operation's realisation date. The fund's manager will be independent of the parties and approved by the *Autorité de la concurrence*, and under the supervision of a trustee who will see to it that the candidates (for the reimbursement of the response expenses) or the local and regional administrations (for the handling of the project management assistance) that are eligible to apply to this fund are treated in an objective, transparent and non-discriminatory manner. By stimulating the number of submitted tenders, these measures are intended to intensify competition during calls for tenders.

- To resolve the problems specific to the PACA region, the parties have also undertaken **to sell their share and assets in the operation of the urban transport networks in Aubagne, Salon-de-Provence, Fréjus-Saint-Raphaël and Carpentras. The disposals, that provide a response to the efficiency criteria for the remedies as they result from the decisional practice within the *Autorité*, are intended to foster the emergence, in this area, up one or more candidates that are capable of driving competition in the medium to long terms**.

On the market for the intercity public transport of travellers (outside of the Ile-de-France):

- Veolia Environnement and the Caisse des dépôts et des consignations have undertaken to **sell assets** (operation of coach lines with the rolling stock, depots and repair workshops) **in four départements in which the new structure's acquired position could threaten competition: Var, Vaucluse, Eure-et-Loir and Loir-et-Cher. In Haute-Savoie**, *département* in which the operation weakens the competitive situation to a lesser extent, the new entity has undertaken not to carry out any significant new acquisitions for a period of five years: these will be capped at 3 million euros and 2% of the intercity transport market within the *département* for the entire period.

- In order to reinforce the scope of these remedies in the five *départements*, **the parties have also undertaken, for five years, not to band together with the main national or international actors** present on the market in

order to respond to intercity calls for tenders. This commitment will ensure full and open competition between the market's main actors, for the benefit of the local and regional administrations and, in the end, of the users of these transport means.

An independent trustee, approved by the *Autorité de la concurrence*, will monitor the proper implementation of all of these commitments.

> For more details, please consult the full text of the decision 10-DCC-198